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June 1, 2001

Ms. Elizabeth F. Williams  
Federal Election Commission  
999 E Street, NW - Sixth Floor  
Washington, DC 20463

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FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

**Re: MUR 5197,  
Democratic Congressional Campaign Committee ("DCCC"),  
DCCC Building Fund #1, and Howard Wolfson as  
Treasurer; Democratic Senatorial Campaign Committee  
("DSCC"), DSCC Non-Federal Building Fund, and James M.  
Jordan as Treasurer, Respondents**

Dear Ms. Williams:

On behalf of the above-named respondents, I write in response to the complaint filed by the National Taxpayers Union in this matter.

This complaint is truly puzzling. With respect to these respondents, the complaint itself concedes that there is no evidence of any violation of law. The gist of the complaint appears to be an alleged impropriety in connection with donations to the "building funds" of the DCCC and the DSCC from two Federally chartered corporations, the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal National Mortgage Association ("Fannie Mae"). As acknowledged in the complaint, however, the Federal Election Campaign Act specifically states that the term "contribution," does not include any donation "to a national or a State committee of a political party specifically designated to defray any cost for construction or purchase of any office facility not acquired for the purpose of influencing the election of any candidate in any particular election for Federal office." 2 U.S.C. § 431(8)(viii). Commission regulations defining the terms "contribution" and "expenditure" contain parallel exemptions. See 11 CFR §§ 100.7(b)(12), 100.8(b)(13).

Thus, donations to the building funds of national party committees are not subject to the same limits as donations to accounts that are used to influence Federal elections. Indeed, the very section of the regulations cited as the source of authority for the complaint, the § 114 prohibition on contributions from

corporations organized by authority of any law of Congress, contains an exemption for contributions to the building funds of national party committees. See 11 CFR § 114.1(a)(2)(ix). Not surprisingly, the Commission has ruled on numerous occasions that otherwise prohibited sources may contribute to building funds. See Advisory Opinion 2001-1 and opinions cited therein. This is such a fundamental principle of Federal election law that it has been repeatedly held to preempt more restrictive state laws. See, e.g., Advisory Opinions 1998-8, 1998-7, 1997-14, 1996-8, 1993-9, 1991-5, and 1986-40.

As has been publicly disclosed by the respondents, Freddie Mac and Fannie Mae have made lawful contributions to the building funds of the DCCC and the DSCC. The complaint does not allude to any facts in support of its fanciful theory that money from the building funds is being surreptitiously funneled to state party committees for illicit election-influencing purposes. No such facts exist.

The Commission should reject the complainant's odd request that it go off on a wild goose chase, in search of a violation which patently does not exist. It is particularly absurd that the National Taxpayers Union, an organization supposedly dedicated to preventing government waste, should invite the government to waste its resources pursuing such a specious complaint. Respondents urge the Commission promptly to dismiss this complaint.

Very truly yours,

*Ellen L. Weintraub/cc*

Ellen L. Weintraub  
Counsel for Respondents DCCC and  
DSCC, and their building funds and  
treasurers

ELW:elw